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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

TOM FORESE - Chairman
BOB BURNS
DOUG LITTLE
ANDY TOBIN
BOYD DUNN

Arizona Corporation Commission

DOCKETED

AUG 23 2017

DOCKETED BY

In the matter of:

DOCKET NO. S-21012A-17-0140

MICHAEL A. CROWE (CRD #1057029),
and LEQUITA CROWE, husband and wife,

DECISION NO. 76321

Respondents.

ORDER TO CEASE AND DESIST, ORDER
OF REVOCATION, ORDER FOR
ADMINISTRATIVE PENALTIES, AND
CONSENT TO SAME

BY: MICHAEL A. CROWE AND LEQUITA
CROWE

Respondents MICHAEL A. CROWE and LEQUITA CROWE (collectively, "Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act"), and Articles 7 and 8 of the Arizona Investment Management Act, A.R.S. § 44-3101 *et seq.* ("Investment Management Act") with respect to this Order To Cease And Desist, Order for Revocation, Order for Administrative Penalties, and Consent to Same ("Order"). Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.**FINDINGS OF FACT**

1. At all times relevant to this matter, MICHAEL A. CROWE ("CROWE") was married to LEQUITA CROWE, and a resident of Arizona.
2. LEQUITA CROWE ("Respondent Spouse") is joined in this action under A.R.S. §44-2031(C) solely for the purposes of determining the liability of the marital community.

1 3. Since at least January 2, 2013, until September 13, 2016, CROWE was registered with
2 the Commission (CRD #1057029) as a securities salesman in association with dealer Securities America,
3 Inc. ("Securities America").

4 4. Since at least at February 27, 2014, until September 13, 2016, CROWE was licensed
5 with the Commission as an investment adviser representative in association with investment adviser
6 Verus Capital Partners, LLC ("Verus Capital").

7 5. At all times relevant, CROWE was acting for his own benefit and for the benefit or in
8 furtherance of his and Respondent Spouse's marital community.

9 6. At all times relevant, CROWE, while associated with Securities America, was the
10 account executive for an Arizona investor's individual retirement account ("Client").

11 7. On or about October 30, 2015, CROWE attended a real estate seminar and met an
12 individual named Richard Smart ("Smart"), the managing member of Simply Smart Homes, LLC
13 ("Simply Smart Homes"), an Arizona limited liability company¹. Smart represented that he was
14 involved with fix and flip investments. CROWE informed SMART that he wanted to get back into
15 real estate investing for himself, and buy, fix, and flip homes for a profit.

16 8. From January 2016 through March 2016, CROWE attended other real estate
17 investment seminars, along with Smart. CROWE became friends with Smart and would often
18 communicate with Smart in person or through text messages about real estate investing.

19 9. On or about March 15, 2016, CROWE and Smart met and discussed Smart's income
20 investments which were paying eight to ten percent secured by real estate. Smart stated that he was
21 looking for investors to join him in assuming existing mortgages of homeowners and then either rent
22 the homes for profit, or sell the home for a profit.

23 10. On or about March 20, 2016, CROWE admitted that he called his Client on the
24 telephone, "to see if he would be interested in a little diversification in his portfolio (all CDs and
25

26 ¹ See Arizona Corporation Commission's Order against Simply Smart Homes, LC, Smart Enterprises, LLC and
Richard A. Smart (Decision No. 76063).

1 Fixed Annuities) with a somewhat higher potential income of 8 to 10%” by investing in Simply Smart
2 Homes.

3 11. On or about April 2016, CROWE facilitated a meeting between the Client and Smart,
4 at the Client’s house, in Arizona. During the meeting, Smart stated to the Client, that he was a
5 professional real estate investor who had a history of successfully buying homes through foreclosure,
6 fixing, and then renting them for a profit. And, that currently he was doing this with many homes
7 and was looking for investors to contribute capital so that he could buy more homes, fix them and/or
8 upgrade them and then rent them for a profit. CROWE was present at the meeting and recommended
9 the investment to his Client.

10 12. On or about April 4, 2016, the Client invested \$50,000 in Simply Smart Homes, with
11 a promised 10% annual rate of return. A Letter of Understanding and a Joint Venture Agreement
12 (“JVA”) were executed by the Client and Simply Smart Homes.

13 13. According to the Client’s JVA; Smart’s and/or Simply Smart Homes’ roles were to
14 “locate, negotiate for, acquire and manage investment properties... and be responsible for the day-
15 to-day operations.” The Client’s role was to “provide the money and qualify for financing.”
16 CROWE’s Client did not participate in the acquisition, renovation, or management of any investment
17 properties.

18 14. As a result of this transaction, Smart and/or Simply Smart Homes paid CROWE a
19 \$2,500 commission.

20 15. On or about August 2016, Securities America initiated an internal review of
21 CROWE’s activities after learning that he referred his Client, “to purchase an unapproved real estate
22 investment product from Mr. Richard Smart.”

23 16. According to Securities America, Smart is not associated with Securities America,
24 and “Simply Smart Homes, LLC is not an approved product offered” by Securities America. “No
25 transactions concerning Mr. Smart or Simply Smart Homes, LLC have been recorded,” on the books
26 of Securities America. As a result of the Simply Smart transaction, on September 13, 2016, Securities

1 America and Verus Capital terminated CROWE for engaging in private securities transactions
2 without firm approval.

3 17. CROWE is not currently registered or licensed with the Commission.

4 18. Notwithstanding that CROWE is not currently registered or licensed with
5 Commission, under A.R.S. §§ 44-1963 (D) and 44-3202 (D) CROWE continues to be subject to the
6 Commission's jurisdiction for two years after the termination or lapse of his registration or license
7 for the purpose of denying, suspending, or revoking his registration and license in connection with
8 conduct that began before the termination or lapse of his registration or license.

9 **II.**

10 **CONCLUSIONS OF LAW**

11 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
12 Arizona Constitution and the Securities Act, and the Investment Management Act.

13 2. Respondent CROWE's conduct is grounds to revoke Respondent CROWE's registration
14 as a securities salesman with the Commission pursuant to A.R.S. § 44-1962. Specifically, Respondent
15 CROWE:

16 a) Engaged in dishonest and unethical practices in the securities industry pursuant to
17 A.R.S. § 44-1962(A)(10), as set forth in, A.A.C. R14-4-130 specifically:

18 While registered as a securities salesman, effecting securities
19 transactions which have not been recorded on the records of the dealer
20 with whom Respondent CROWE is registered at the time of
21 transaction, contrary to A.A.C. R14-4-130(A)(17).

22 3. Respondent CROWE's conduct is grounds to revoke Respondent CROWE's license as
23 an investment adviser representative with the Commission pursuant to A.R.S. § 44-3201. Specifically,
24 Respondent CROWE:

25 a) Engaged in dishonest and unethical practices in the securities industry pursuant to
26 A.R.S. § 44-3201(A)(13):

While registered as a securities salesman, effecting securities transactions which have not been recorded on the records of the dealer with whom Respondent CROWE is registered at the time of transaction, contrary to A.A.C. R14-4-130(A)(17).

4. Revocation of Respondent CROWE's license would be in the public interest.

5. Notwithstanding that Respondent CROWE is not currently registered or licensed with Commission, under A.R.S. §§ 44-1963 (D) and 44-3202 (D) CROWE continues to be subject to the Commission's jurisdiction for two years after the termination or lapse of his registration or license for the purpose of denying, suspending, or revoking his registration and license in connection with conduct that began before the termination or lapse of his registration or license.

6. Respondent CROWE's conduct is grounds for a cease and desist order pursuant to A.R.S. §§ 44 -1962, 44-2032, 44-3201, and 44-3292.

7. Respondent CROWE's conduct is grounds for administrative penalties under A.R.S. §§ A.R.S. 44-1962, 44-2036, 44-3201, 44-3296.

8. Respondent CROWE acted for the benefit of the marital community and, pursuant to A.R.S. §§ 25-214 and 25-215, this order of administrative penalties is a debt of the community.

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, attached and incorporated by reference, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. §§ 44-1962, 44-2032, and 44-3292, that Respondent CROWE, and any of Respondent CROWE's agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act and the Investment Management Act.

IT IS FURTHER ORDERED that Respondents comply with the attached Consent to Entry of Order.

1 IT IS FURTHER ORDERED, pursuant to A.R.S. §§ 44-1962, 44-2032, 44-3201, and 44-
2 3292, that Respondent CROWE, individually, and the marital community of Respondents
3 MICHAEL A. CROWE AND LEQUITA CROWE, jointly and severally, shall pay an administrative
4 penalty in the amount of \$2,500 as a result of the conduct set forth in the Findings of Fact and
5 Conclusions of Law. Payment is due in full on the date of this Order. Payment shall be made to the
6 "State of Arizona." Any amount outstanding shall accrue interest as allowed by law.

7 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that Respondent CROWE's
8 securities salesman registration is revoked.

9 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-3201, that Respondent CROWE's
10 investment adviser representative license is revoked.

11 For purposes of this Order, a bankruptcy filing by any Respondent shall be an act of default.
12 If Respondents do not comply with this Order, any outstanding balance may be deemed in default
13 and shall be immediately due and payable.

14 IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the
15 Commission may bring further legal proceedings against Respondent, including application to the
16 superior court for an order of contempt.

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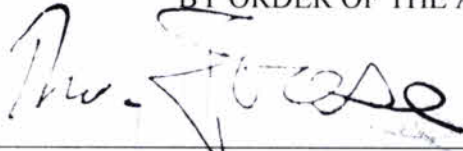
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1 IT IS FURTHER ORDERED that this Order shall become effective immediately.

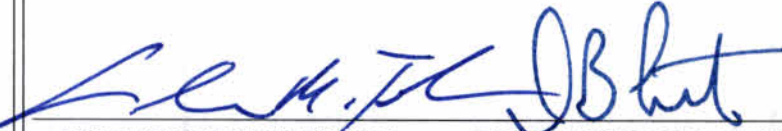
2 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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4 CHAIRMAN FORESE

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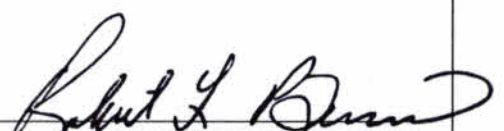
6 COMMISSIONER DUNN

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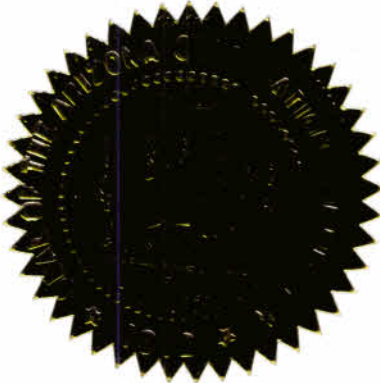
8 COMMISSIONER TOBIN

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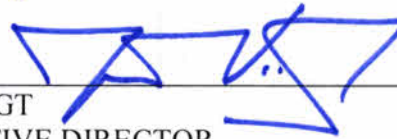
10 COMMISSIONER LITTLE

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12 COMMISSIONER BURNS



14 IN WITNESS WHEREOF, I, TED VOGT, Executive Director
of the Arizona Corporation Commission, have hereunto set my
hand and caused the official seal of the Commission to be
affixed at the Capitol, in the City of Phoenix, this 23rd day
of August, 2017.

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16 TED VOGT
EXECUTIVE DIRECTOR

17 DISSENT

18 DISSENT

19 This document is available in alternative formats by contacting Kacie Cannon, ADA Coordinator,
voice phone number (602) 542-3931, e-mail kcannon@azcc.gov.

20 (MS)

CONSENT TO ENTRY OF ORDER

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2 1. Respondents MICHAEL A. CROWE and LEQUITA CROWE (each individual a
3 “Respondent,” or collectively “Respondents”) admit the jurisdiction of the Commission over the
4 subject matter of this proceeding. Each Respondent acknowledges that they have been fully advised
5 of their right to a hearing to present evidence and call witnesses and each Respondent knowingly and
6 voluntarily waives any and all rights to a hearing before the Commission and all other rights
7 otherwise available under Article 7 of the Investment Management Act, Article 11 of the Securities
8 Act, and Title 14 of the Arizona Administrative Code. Each Respondent acknowledges that this
9 Order to Cease and Desist, Order for Administrative Penalties, and Consent to Same (“Order”)
10 constitutes a valid final order of the Commission.

11 2. Each Respondent knowingly and voluntarily waives any right under Article 8 of the
12 Investment Management Act and Article 12 of the Securities Act to judicial review by any court by
13 way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

14 3. Each Respondent acknowledges and agrees that this Order is entered into freely and
15 voluntarily and that no promise was made or coercion used to induce such entry.

16 4. Respondents MICHAEL A. CROWE and LEQUITA CROWE understand and
17 acknowledge that they each have a right to seek counsel regarding this Order, and that they each have
18 had the opportunity to seek counsel prior to signing this Order. Each Respondent acknowledges and
19 agrees that, despite the foregoing, they both freely and voluntarily waive any and all rights to consult
20 or obtain counsel prior to signing this Order.

21 5. Respondents neither admit nor deny the Findings of Fact and Conclusions of Law
22 contained in this Order. Each Respondent agrees that they shall not contest the validity of the
23 Findings of Fact and Conclusions of Law contained in this Order in any present or future proceeding
24 in which the Commission is a party.

25 6. The Respondents further agree that they shall not deny or contest the Findings of Fact
26 and Conclusions of Law contained in this Order in any present or future: (a) bankruptcy proceeding,

1 or (b) non-criminal proceeding in which the Commission is a party (collectively, "proceeding(s)").
2 They further agree that in any such proceedings, the Findings of Fact and Conclusions of Law
3 contained in this Order may be taken as true and correct and that this Order shall collaterally estop
4 them from re-litigating with the Commission or any other state agency, in any forum, the accuracy
5 of the Findings of Fact and Conclusions of Law contained in this Order. In the event any Respondent
6 pursues bankruptcy protection in the future, they further agree that in such bankruptcy proceeding,
7 pursuant to 11 U.S.C. § 523(a)(19), the following circumstances exist:

8 A. The obligations incurred as a result of this Order are a result of the conduct set forth
9 in the Findings of Fact and Conclusions of Law in the Order and are for the violation of Arizona
10 state securities laws, pursuant to 11 U.S.C. § 523(a)(19)(A)(i);

11 B. This Order constitutes a judgment, order, consent order, or decree entered in a state
12 proceeding pursuant to 11 U.S.C. § 523(a)(19)(B)(i), a settlement agreement entered into by
13 Respondents MICHAEL A. CROWE and LEQUITA CROWE pursuant to 11 U.S.C. §
14 523(a)(19)(B)(ii), and a court order for damages, fine, penalty, citation, restitution payment,
15 disgorgement payment, attorney fee, cost or other payment owed by Respondents MICHAEL A.
16 CROWE and LEQUITA CROWE pursuant to 11 U.S.C. § 523(a)(19)(B)(iii).

17 7. By consenting to the entry of this Order, Respondent agrees not to take any action or
18 to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of
19 Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual
20 basis.

21 8. While this Order settles this administrative matter between Respondents and the
22 Commission, Respondents understand that this Order does not preclude the Commission from
23 instituting other administrative or civil proceedings based on violations that are not addressed by this
24 Order.

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1 9. Each Respondent understands that this Order does not preclude the Commission from
2 referring this matter to any governmental agency for administrative, civil, or criminal proceedings
3 that may be related to the matters addressed by this Order.

4 10. Each Respondent understands that this Order does not preclude any other agency or
5 officer of the state of Arizona or its subdivisions from instituting administrative, civil, or criminal
6 proceedings that may be related to matters addressed by this Order.

7 11. Each Respondent agrees that they will not apply to the state of Arizona for registration
8 as a securities dealer or salesman or for licensure as an investment adviser or investment adviser
9 representative until such time as all penalties under this Order are paid in full.

10 12. Each Respondent agrees that they will not exercise any control over any entity that
11 offers or sells securities or provides investment advisory services within or from Arizona until such
12 time as all penalties under this Order are paid in full.

13 13. Respondents MICHAEL A. CROWE and LEQUITA CROWE acknowledge that any
14 penalties imposed by this Order are obligations of MICHAEL A. CROWE as well as the marital
15 community.

16 14. Each Respondent consents to the entry of this Order and agrees to be fully bound by
17 its terms and conditions.

18 15. Each Respondent acknowledges and understands that if they fail to comply with the
19 provisions of the order and this consent, the Commission may bring further legal proceedings against
20 them, including application to the superior court for an order of contempt.

21 16. Each Respondent understands that default shall render them liable to the Commission
22 for its costs of collection, including reasonable attorneys' fees and interest at the maximum legal rate.

23 17. Each Respondent agrees and understands that if they fail to make any payment as
24 required in the Order, any outstanding balance shall be in default and shall be immediately due and
25 payable without notice or demand. Each Respondent agrees and understands that acceptance of any
26 partial or late payment by the Commission is not a waiver of default by the Commission.

1 Signature page for Respondents MICHAEL A. CROWE and LEQUITA CROWE

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3 Michael A. Crowe
4 MICHAEL A. CROWE

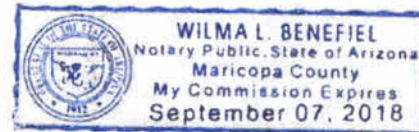
5 Lequita Crowe
6 LEQUITA CROWE

7 STATE OF ARIZONA)
8 County of Maricopa) ss

9 SUBSCRIBED AND SWORN TO BEFORE me this 24th day of July, 2017.

10
11 Wilma L. Benefiel
12 NOTARY PUBLIC

13 My commission expires:
14 _____

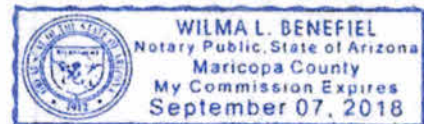


15 STATE OF ARIZONA)
16 County of Maricopa) ss

17 SUBSCRIBED AND SWORN TO BEFORE me this 24th day of July, 2017.

18
19 Wilma L. Benefiel
20 NOTARY PUBLIC

21 My commission expires:
22 _____



1 SERVICE LIST FOR: MICHAEL A. CROWE, et al.

2 Michael A. Crowe
3 1533 East Grandview Street
4 Mesa, Arizona 85203
5 *Respondent*

6 Lequita Crowe
7 1533 East Grandview Street
8 Mesa, Arizona 85203
9 *Respondent*

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 COMMISSIONERS

3 TOM FORESE – Chairman
4 BOB BURNS
5 DOUG LITTLE
6 ANDY TOBIN
7 BOYD DUNN

8 In the matter of:

9 MICHAEL A. CROWE (CRD #1057029), and
10 LEQUITA CROWE, husband and wife,

11 Respondents.

) DOCKET NO: S-21012A-17-0140

) **CERTIFICATION OF SERVICE OF**
) **PROPOSED OPEN MEETING AGENDA**
) **ITEM**

12 On this 31 day of July, 2017, the foregoing document was filed with Docket Control as a Securities
13 Division Memorandum and Proposed Order, and copies of the foregoing were mailed on behalf of
14 the Securities Division to the following who have not consented to email service. On this date or as
15 soon as possible thereafter, the Commission's eDocket program will automatically email a link to
16 the foregoing to the following who have consented to email service.

17 Michael A. Crowe
18 1533 East Grandview Street
19 Mesa, AZ 85203
20 Respondent

21 Lequita Crowe
22 1533 East Grandview Street
23 Mesa, AZ 85203
24 Respondent

25 By: 
26 Emie R. Bridges, Executive Assistant